

8.0 BENEFITS

This section covers CB Benefit Program Benefit eligibility and benefit payment criteria for Retirement, Disability, Death, Termination and Beneficiary. To obtain benefit application packages, employees should contact the California State Teachers' Retirement System at the Toll Free number 1-800-228-5453 or the CB Benefit Program's direct line at (916) 229-0554.

8.1 Retirement Eligibility

The normal retirement age under the plan is 60 years. A participant may retire no earlier than the date on which he or she attains the age of 55 years. The participant shall terminate all CalSTRS creditable service (with both the CB Benefit Program and the Defined Benefit Program) prior to the retirement date. Application for a retirement benefit shall be made on a form prescribed by the System. The normal method of payment is lump-sum, however, if the participant has \$3,500 or more in their account at the time of retirement, they have the choice of selecting one of the following annuity options.

8.1.1 Retirement Benefit

- (1) A single life annuity with a cash refund feature, which is the actuarial equivalent of the lump-sum payable for the life of the participant with any balance remaining upon the death of the participant payable in a lump sum to the beneficiary.
- (2) A single life annuity without a cash refund feature, which is the actuarial equivalent of the lumpsum payable for the life of the participant.
- (3) A 100 percent joint and survivor annuity, which is the actuarial equivalent of the lumpsum payable for the combined lives of the participant and beneficiary, with the monthly amount payable to the participant continuing to the surviving beneficiary upon the death of the participant. However, if the option beneficiary predeceases the participant, the annuity without modification for the option shall be payable to the participant upon notification and shall commence to accrue to the participant as of the day following the date of death of the option beneficiary.
- (4) A 50 percent joint and survivor annuity, which is the actuarial equivalent of the lump sum payable for the combined lives of the participant and beneficiary, with one-half of the monthly amount payable to the participant continuing to the surviving beneficiary upon the death of the participant. However, if the option beneficiary predeceases the participant, the annuity without modification for the option shall be payable to the participant upon notification and shall commence to accrue to the participant as of the day following the date of death of the option beneficiary.

- (5) A period certain annuity, which is the lump sum payable over a specified number of years, from a minimum of three years to a maximum of ten years, but in any event not to exceed the life expectancy of the participant or the life expectancy of the participant and the participant's option beneficiary, until there is no balance remaining in the participant's employee and employer accounts.

The beneficiary under the joint and survivor option elected under # 3 and # 4 shall be the person designated by the participant on the application for a retirement benefit, and shall not be changed after the original retirement date, unless the beneficiary has predeceased the participant.

8.1.2 Annuity Adjustment

The annuity is determined as a value that is the actuarially equivalent sum of the balance of credits to the participant's employee and employer accounts as of the date of retirement. The annuity will include interest projected throughout the expected payment period at the actuarially assumed rate of return in effect as of the date of retirement. Therefore, cost-of-living adjustments are not applied to annuity payments.

The Board may, however, declare an additional annuity credit for persons who are receiving an annuity based on the amount of the annuity payable to the participant or beneficiary for a plan year from additional investment earnings, if any.

8.1.3 Employment After Retirement

If a participant has retired and is receiving an annuity under the CB Benefit Program and becomes re-employed to perform creditable service subject to coverage by the plan:

- Prior to attainment of age 60, or on or after age 60 but less than one year after his or her retirement date, the annuity would be terminated as of the date of reemployment. The participant would earn additional credits for the subsequent service if performed for an employer that offers the CB Benefit Program.

The participant would be eligible to apply for a subsequent retirement benefit upon termination of all creditable service.

- On or after age 60 and more than one year after his or her retirement date, the annuity would continue to be paid to the participant. The participant and subsequent CB participating employer would contribute to a new account in the CB Benefit Program. The subsequent employment is treated in the same manner as all other employment under the program and the participant would be eligible for an additional annuity upon the participant's subsequent retirement date.

- A participant who is employed to perform creditable service subject to coverage by the plan while receiving an annuity may voluntarily terminate the annuity upon employment and make contributions to the program based on salary paid by the employer for the employment. To terminate the annuity, the participant must have attained age 60 and must have received the retirement benefit for at least one year.

8.2 Disability Eligibility

A participant may apply for a disability benefit at any time. A participant must terminate all CalSTRS creditable service, subject to coverage by the program prior to the disability date. A disability benefit will become payable only upon determination by the Board that the participant has a total and permanent disability.

8.2.1 Disability Benefit

The disability benefit is an amount equal to the sum of the balance of credits in the participant's employee account and employer account as of the disability date. The normal form of disability benefit is a lump sum payment. Once a participant receives the lump sum, no further benefits shall be payable from the program. All of the lump-sum payment may be eligible to rollover into an IRA or DC Plan or other qualified retirement plan that would accept such a rollover.

Upon application for disability, a participant may elect to receive the benefit in the form of a monthly annuity, provided the sum of the employee and employer accounts equals or exceeds three thousand five hundred dollars (\$3500).

A participant may elect one of the following options:

- (1) A single life annuity with a cash refund feature, which is the actuarial equivalent of the lump-sum payable for the life of the participant with any balance remaining upon the death of the participant payable in a lump-sum to the beneficiary.
- (2) A single life annuity without a cash refund feature, which is the actuarial equivalent of the lump-sum payable for the life of the participant.
- (3) A 100 percent joint and survivor annuity, which is the actuarial equivalent of the lump-sum payable for the combined lives of the participant and beneficiary, with the monthly amount payable to the participant continuing to the surviving beneficiary upon the death of the participant. However, if the option beneficiary predeceases the participant, the annuity without modification for the option shall be payable to the participant upon notification and shall commence to accrue to the participant as of the day following the date of death of the option beneficiary.

- (4) A 50 percent joint and survivor annuity, which is the actuarial equivalent of the lump-sum payable for the combined lives of the participant and beneficiary, with one-half of the monthly amount payable to the participant continuing to the surviving beneficiary upon the death of the participant. However, if the option beneficiary predeceases the participant, the annuity without modification for the option shall be payable to the participant upon notification and shall commence to accrue to the participant as of the day following the date of death of the option beneficiary.
- (5) A period certain annuity, which is the lump-sum payable over a specified number of years, from a minimum of three years to a maximum of ten years, but in any event not to exceed the life expectancy of the participant or the life expectancy of the participant and the participant's option beneficiary, until there is no balance remaining in the participant's employee and employer accounts.

The beneficiary under the joint and survivor option elected under #3 and #4 shall be the person designated by the participant on the application for a disability benefit, and shall not be changed after the original disability date, unless the beneficiary has predeceased the participant.

If a participant who is receiving a disability annuity becomes re-employed prior to 60 years of age to perform creditable service subject to coverage by the Cash Balance Benefit Program or the Defined Benefit Program, the disability annuity shall be terminated.

8.3 Death Benefit

If a participant dies while he/she has contributions and interest credits under the program, and prior to commencement of an annuity, the sum of the balance of the credits in the participant's employee and employer accounts are payable to the designated beneficiary. The death benefit shall become payable to the beneficiary upon receipt of proof of the participant's death. The normal form of death benefit is a lump-sum payment. Once the beneficiary receives the lump-sum, no further benefits will be payable from the program. If no valid beneficiary is designated, the lump-sum payment will be paid to the participant's estate.

If designated as the sole primary beneficiary, the participant's surviving spouse may elect to receive the benefit in the form of an annuity, provided the sum of the balance of the credits in the participant's employee and employer accounts equals or exceeds three thousand five hundred dollars (\$3500).

The spouse beneficiary may elect one of the following options:

- (1) A single life annuity without a cash refund feature, which is the actuarial equivalent of the lump-sum payable for the life of the beneficiary.

- (2) A period certain annuity, which is the lump-sum payable over a specified number of years, from a minimum of three years to a maximum of ten years, but in any event not to exceed the life expectancy of the beneficiary, until there is no balance remaining to the participant's employee and employer accounts.

If a participant dies while receiving an annuity, the death benefit shall be payable in accordance with the terms of the annuity elected by the participant.

8.3.1 Employer Responsibility

Upon the death of a CB Benefit Program participant, retirant, or a disabilitant CalSTRS must be immediately notified either by telephone or in writing. The notification can be made by the employer, but is generally taken care of by the family, beneficiary, or someone designated to act in his or her behalf.

The notice should include:

- The deceased participant's, retirant's, or disabilitant's social security number, date of death (forward certified copy of death certificate to CalSTRS), and status of membership at time of death (active, retired, etc.)
- The name, address and telephone number of the person notifying the System.
- The name, address and telephone number to whom the Beneficiary Application Packet is to be sent.
- The name, address and telephone number of the surviving spouse or beneficiary - - if different from that of the person who notified CalSTRS.

Within five days of notification, a Beneficiary Application Packet will be sent to the person who notified the System or other addressee indicated. This packet serves as the "official" acknowledgment that CalSTRS has been contacted about the person's death and contains the application forms necessary to initiate the benefit process.

The completed packet, when returned to CalSTRS, will provide the System with the most current information regarding the decedent's family and estate. This information is needed to identify all eligible beneficiaries for the various available benefits. The death benefit shall become payable to the beneficiary upon receipt of proof of the participant's death.

Employers should follow their own guidelines and procedures concerning the death of a member still on their payroll. In some instances involving the death of an active member, the employer may be asked to provide a certified copy of the death certificate.